

Customers Perception on Pmjdypradan Manthri Jan Dhan Yojana in Shivamogga District of Karnataka State

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Abstract:

Government is responsible for end financial untouchability, financial inclusion and poverty alleviation, to achieve it has taken ambitious initiative for penetration of banking services poor and weaker sections of society by introducing Pradan Manthri Jan Dhan Yojana, its success will largely depend on reaching the poorest of the poor. PMJDY is a facilitator to achieve financial inclusion. It holds greater promise because it garners greater support from Government, banks and regulators. The World Bank's latest Global Findex study says the number of people accessing a formal bank account in India increased from 35 per cent in 2013 to 53 per cent in 2014. Several States have claimed 100 per cent coverage of households, dormancy of accounts is highest in India at 43 per cent, same time PMJDY celebrates success of banking coverage but reality is different, the active transaction, frequency of banking services demanded, the viability of account and operational efficiency of account is questionable and the bankers and customers opinion on scheme is surprising. This research explores the performance, coverage, achievement and measure the perception of customers of various banks towards PMJDY based on primary and secondary data.

Key word: untouchability, poverty alleviation, frequency, perception.

Introduction

PMJDY is a solid foundation for inclusive development and holistic growth. It is a dream project of central government to achieve 100% financial inclusion and regularize and initiate direct benefit transfer to the beneficiary created by integrating the other mechanisms such as Aadhaar, Direct Benefit Transfer, and Direct Benefit Transfer for LPG. Complicated equations of the Public Distribution System and healthcare system can be solved using PMJDY. But it is virtually difficult for any one programme to ensure 100 % financial inclusion and financial inclusion of vulnerable groups is still distant dream for Indian. Initial demand for bank accounts was expected to around 7.5 Crores but so far 18 Crore accounts have been opened. 15.74 Crores Rupay Debit cards have been issued. There has been mobilization of more than Rs 22,000 Crores. And overdraft facility has been availed by 164962 account holders as on 2015.

Objective

The research paper is designed with following objectives such as assess the performance of PMJDY, measure the Effectiveness and evaluate the Perception of Customers towards PMJDY.

Methodology

Descriptive research is used for the study, both primary and secondary data are used to carry out the study. Primary data are obtained from customers of various banks through personal interview method with the help of structured questionnaire. Secondary data were also collected from Reserve Bank of India

Annual report, journals, magazines, website, Brochure of the Banks' etc. Survey conducted during 2014-2015. For customer survey total 500 respondents are considered, the scope of this research is subjected to rural area of Shivamogga Districts.

An Overview of Banking

Indian banking industry is a strongest banking network in world with a network of more than 125857 branches of Scheduled Commercial Banks and set a benchmark for banking operations and explore the maximum possibility of Information technology

A Bird view of Banking service in India

| Sl. NO | Particulars | Total in Number |
|--------|----------------------------|-----------------|
| 1 | Network of SCB Total | 125857 |
| 2 | Branch in Rural areas | 48557 |
| 3 | Percentage of Rural branch | 38.58 |
| 4 | ATMs of SCB | 184221 |
| 5 | ATMs of SCB(onsite) | 91486 |
| 6 | Branches added 2014-15 | 8227 |
| 7 | ATMs added in 2014-15 | 21197 |
| 8 | Bank Mitras deployed | 126062 |

Source: RBI Report dtd 31.03.2015

Comparison of key financial penetration and availability indicators as of 2013

| Criteria | Brazil | Russia | India | China | South Africa |
|---|--------|--------|---------------|--------|--------------|
| Number of ATMs per 1,00,000 Adults | 130 | 46 | 13 | 155 | 62 |
| Number of ATMs per 1000 km | 23 | 55 | 38 | 11 | 18 |
| No. Of commercial bank branches per 1,00,000 adults | 47 | 7 | 12 | 38 | 10 |
| No. Of commercial bank branches per 1000 Km | 8 | 9 | 35 | 2 | 3 |
| Criteria | 2009 | 2010 | 2011 | 2012 | 2013 |
| Number of ATMs in India | 44310 | 61833 | 76741 | 97121 | 115849 |
| Number of Branches | 33378 | 34811 | 37471 | 40837 | 46126 |
| Number of Business Correspondents | 34316 | 81397 | 144282 | 227617 | 337678 |
| Avg ICT transactions per BC based act | 2 | 2.7 | 2.7 | 3.1 | 2.8 |

Source: RBI Report 2013

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Commercial bank branches per 1,000 km ² | 35.68 | 33.17 | 30.7 | 28.82 | 27.05 | 25.72 | 24.38 | 23.59 | 23.1 | 22.76 |
| ATMs per 1,000 km ² | 38.96 | 32.67 | 25.81 | 20.8 | 14.9 | 11.8 | 9.11 | 7.24 | 5.93 | ... |
| Outstanding deposits with commercial banks (% of GDP) | 69.98 | 60.66 | 60.05 | 58.51 | 60.54 | 57.72 | 52.08 | 48.69 | 47.3 | 46.61 |
| Deposit acts with commercial banks per 1,000 adults | 1197 | 1034. | 944.9 | 872.91 | 801.47 | 717.35 | 652.8 | 622.19 | 611 | 610.9 |
| Commercial bank branches per 100,000 adults | 12.16 | 11.3 | 10.65 | 10.18 | 9.73 | 9.43 | 9.11 | 9 | 9.02 | 9.04 |
| ATMs per 100,000 adults | 13.27 | 11.13 | 8.95 | 7.34 | 5.36 | 4.33 | 3.41 | 2.76 | 2.31 | ... |
| Outstanding loans from commercial banks | 55.14 | 47.93 | 45.41 | 42.91 | 43.96 | 42.93 | 39.04 | 35.25 | 31.2 | 27.1 |

Commercial bank branches increased from 22.76 to 35.68 during 2004-2013, Outstanding deposits with commercial banks (% of GDP) is 69.98 % compare (46.61) 2004, ATMs per 1,000 km², Deposit acts with commercial banks per 1,000 adults, Commercial bank branches per 100,000 adults, ATMs per 100,000 adults, Outstanding loans from commercial banks (% of GDP), Loan acts with commercial banks per 1,000 adults are increased during 2004 to 2013 it is a clear signal of inclusion but not sufficient.

The Achievement under PMJDY

| S. No | No Of Accounts | | | No Of Repay Cards | Balance In Accounts (In, Rs Cr.) | % of Zero Balance Acts | |
|-------|--------------------|-------|-------|-------------------|----------------------------------|------------------------|-------|
| | | Rural | Urban | | | | Total |
| 1 | Public Sector Bank | 7.82 | 6.39 | 14.22 | 12.88 | 18626.71 | 42.90 |
| 2 | RRB | 2.78 | 0.47 | 3.26 | 2.40 | 3956.66 | 44.17 |
| 3 | Private Banks | 0.42 | 0.28 | 0.71 | 0.63 | 1116.47 | 42.25 |
| | Total | 11.03 | 7.15 | 18.18 | 15.91 | 23699.84 | 43.12 |

Source: Report from banks/SLBCs

Number of account opened in public sector banks are 7.82crore,6.39crore for Rural and urban area and 2.78cr and 0.47 crore rural and urban branches for Regional rural banks and private bank account recorded as 0.42 and 0.28in rural and urban area but shocking is 43.12 percent of bank account opened under PMJDY are zero balance accounts.

Percentage coverage's of PMJDY Programme

| S. No | No. of Districts | Coverage |
|-------|------------------|---------------|
| 1 | 142 | More than 90% |
| 2 | 364 | 75% to 90% |
| 3 | 134 | 50% to 75% |
| 4 | 24 | Less than 50% |

Source: PMJDY Report dtd 15.11.2014

Out of total targeted district 142 districts are covered more then 90% ,364 district are covered between 75% to 90% a,134 districts 50% to 75% and only 24 districts are less than 50% it is a clear indication of coverage's of program during recent years.

States wise coverage's of Programme

| S. No | Big States | Coverage | S. No | Small States | Coverage |
|--------------|-------------------|-----------------|--------------|----------------------|-----------------|
| 1 | Kerala | 0.97 | 1 | Lakshadweep | 1 |
| 2 | Punjab | 0.92 | 2 | Chandigarh | 0.99 |
| 3 | Gujarat | 0.89 | 3 | Goa | 0.99 |
| 4 | Tamil Nadu | 0.87 | 4 | Dadra & Nagar Haveli | 0.98 |
| 5 | Karnataka | 0.86 | 5 | Tripura | 0.97 |
| 6 | Uttar Pradesh | 0.84 | 6 | Puducherry | 0.95 |
| 7 | West Bengal | 0.83 | 7 | Daman & Diu | 0.93 |
| 8 | Maharashtra | 0.82 | 8 | Mizoram | 0.89 |
| 9 | Haryana | 0.82 | 9 | Nct Of Delhi | 0.86 |
| 10 | Madhya Pradesh | 0.81 | 10 | Uttarakhand | 0.84 |
| 11 | Jharkhand | 0.81 | 11 | Sikkim | 0.84 |
| 12 | Chhattisgarh | 0.8 | 12 | Himachal Pradesh | 0.81 |
| 13 | Telangana | 0.78 | 13 | Meghalaya | 0.77 |
| 14 | Assam | 0.78 | 14 | Jammu & Kashmir | 0.76 |
| 15 | Orissa | 0.77 | 15 | Andaman & Nicobar | 0.74 |
| 16 | Bihar | 0.75 | 16 | Manipur | 0.52 |
| 17 | Rajasthan | 0.71 | 17 | Nagaland | 0.46 |
| 18 | Andhra Pradesh | 0.67 | 18 | Arunachal Pradesh | 0.34 |

Source: Data received from Banks

The coverage s of PMJDY scheme is quite impressive in Big states with Over 40 Lakh Households. 81 percent are covered and in which Karnataka ranked 5th with 86percent coverage's based on information provided by various banks.

Perception on PMJDY

A. Financial Inclusion

| Sl. No | Statement | Rankings | | | Total | WAS | Rank |
|--------|--|----------|-----|-----|-------|-------|------|
| | | 1 | 2 | 3 | | | |
| 1 | Provide at least a bank account with insurance cover | 387 | 64 | 49 | 500 | 0.180 | 2 |
| 2 | It aims at providing the facility to needy people to loan | 329 | 43 | 128 | 500 | 0.161 | 4 |
| 3 | It is aimed to provide basic act with a debit card / insurance | 413 | 52 | 35 | 500 | 0.185 | 1 |
| 4 | Promoting savings and mobilization of funds. | 297 | 114 | 89 | 500 | 0.162 | 3 |
| 5 | Expand banking, financial & insurance sectors | 289 | 124 | 87 | 500 | 0.161 | 4 |
| 6 | Allow direct cash transfer to targeted beneficiaries | 267 | 89 | 144 | 500 | 0.151 | 5 |

B. Impact

| Sl. No | Statement | Rankings | | | Total | WAS | Rank |
|--------|--|----------|-----|-----|-------|-------|------|
| | | 1 | 2 | 3 | | | |
| 1 | Banks are shifting to the concept of privileged access | 319 | 76 | 105 | 500 | 0.197 | 3 |
| 2 | It is intended to eliminate money-lenders, agents | 367 | 59 | 74 | 500 | 0.210 | 2 |
| 3 | Improper screening can actually defeat the purpose | 399 | 78 | 23 | 500 | 0.224 | 1 |
| 4 | It would minimize the role of money lenders | 232 | 108 | 160 | 500 | 0.174 | 5 |
| 5 | It helps the Govt, to directly pay all subsidies | 279 | 143 | 78 | 500 | 0.195 | 4 |

C. Hurdles

| Sl. No | Statement | Rankings | | | Total | WAS | Rank |
|--------|--|----------|-----|-----|-------|-------|------|
| | | 1 | 2 | 3 | | | |
| 1 | Scheme may place banks under financial burden | 379 | 76 | 45 | 500 | 0.164 | 1 |
| 2 | It leads to duplication of accounts and fake accounts. | 298 | 79 | 123 | 500 | 0.144 | 3 |
| 3 | One of the major limitations is retrieval & collection | 234 | 108 | 158 | 500 | 0.132 | 6 |
| 4 | The scheme may become dormant. | 256 | 94 | 150 | 500 | 0.136 | 5 |
| 5 | Taxpayer will have to share the burden of scheme. | 277 | 112 | 111 | 500 | 0.143 | 4 |
| 6 | Viability of banking, insurance is questionable | 189 | 132 | 179 | 500 | 0.124 | 7 |
| 7 | If repayments not controlled it have a loan burden | 367 | 52 | 81 | 500 | 0.158 | 2 |

Source: Primary Data

The table represents the average weighted average score of respondent's perception on Financial Inclusion, Impact and Hurdles about of PMJDY. Among which It is aimed to provide basic act with a debit card / insurance statement ranked first with WAS of 0.185 and Allow direct cash transfer to targeted beneficiaries statement ranked least with WAS of 0.151, Improper screening can actually defeat the purpose statement ranked first It would minimize the role of money lenders statement ranked least and Scheme may place banks under financial burden ranked first & Viability of banking, insurance is questionable is ranked least.

Challenges

Infrastructural Issues

Technological issues

LIVE accounts

Reluctant to travel to far located branches

Sustainability & profitability

Financial & Technology illiteracy

Duplication of Accounts

Lack of effective grievance redressal systems.

Strategies for a success

- Technology and financial literacy.
- Build economic activity around un-banked/under- banked villages
- Reaching the poorest
- A bank correspondent with a minimum salary of inr5,000 and
- Uninterrupted delivery of banking services to the rural masses.
- Human interface for increasing adoption
- Financial and technical illiteracy of the weaker section of the society
- The adoption of an agent-based model for remittances
- Financial participation.

Conclusion

The Dream project of PMJDY still needs a time to accelerate the speed of Financial exclusion, Government has to initiate further awareness and promotion activity in relation activity and insist strict action for fake account holders.

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